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# Action Item

## *California Postsecondary Education Commission*

### Recommendations for a Long-Term Resident Student Fee Policy Framework for Students Enrolled at California's Public Universities

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In 1996, the State's former statutory policy relating to student fees at the State's public universities sunset. Since that time, the State has had no statutory policy in place regarding the ways in which mandatory systemwide student fees at its public universities are to be set or adjusted.

Given the lack of a statutory student fee policy and the State's deteriorating fiscal situation, during the 2002-03 State budget deliberations, the Legislature adopted Supplemental Report Language directing the California Postsecondary Education Commission to convene various parties to develop long-term student fee policy recommendations for students enrolled at the University of California and the California State University. The language requests that the Commission forward its student fee policy recommendations to the Legislature by December 1, 2002.

Since May 2002, Commission staff has convened meetings of interested parties to discuss and develop the requested student fee policy recommendations. After nearly a dozen formal meetings and extensive informal consultation, the advisory group has reached broad general -- although not universal -- agreement about a recommended framework for implementing a long-term student fee policy at California's public universities. Staff recommends that the Commission adopt the recommended policy framework to guide the setting and adjusting of student fees at the State's public universities.

The attached recommendations represent the Commission's perspective regarding a *long-term* student fee policy for the State's public universities. The Commission and its staff are not advocating an immediate increase in student fees through these proposed policy recommendations.

Pursuant to the legislative request, the policy recommendations and framework outlined in this item relate only to mandatory resident student fees at California's public universities. These policy recommendations do not apply to student fees at California's public community colleges.

The proposed student fee policy recommendations are organized into four sections:

- ◆ The first section provides a preamble to the recommended student fee policy and provides the context for considering student fee related issues;
- ◆ The second section outlines a series of policy principles that the Commission recommends be adopted to guide the setting and adjusting of mandatory resident systemwide student fees;
- ◆ The third section outlines the implementing framework that the Commission recommends be adopted to effectuate the implementation of the recommended student fee policy principles; and
- ◆ The fourth and final section addresses an additional issue that may require attention to effectively implement the proposed student fee policy.

*Recommended Action:* Committee approval and Commission adoption of the report for appropriate action.

*Presenter:* Karl Engelbach.





# Commission Recommendations for a Long-Term Resident Student Fee Policy Framework for Students at California's Public Universities

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## **Background**

In 1996, the State's former statutory policy relating to student fees at the State's public universities sunset. Since that time, the State has had no statutory policy in place regarding the ways in which mandatory systemwide student fees at its public universities are to be set or adjusted.

Given the lack of a statutory student fee policy and the State's deteriorating fiscal situation, during the 2002-03 State budget deliberations, the Legislature adopted Supplemental Report Language directing the California Postsecondary Education Commission to convene various parties to develop long-term student fee policy recommendations for students enrolled at the University of California and the California State University. The language requests that the Commission forward its student fee policy recommendations to the Legislature by December 1, 2002. A copy of the Supplemental Report Language appears as the first attachment to this document.

Since May 2002, Commission staff has been convening meetings of interested parties to discuss and develop the requested student fee policy recommendations. A listing of the individuals invited to participate in these discussions appears as the second attachment to this document.

After nearly a dozen formal meetings and extensive informal consultation, the advisory group has reached general -- although not universal -- agreement about the policy framework outlined below. The Commission recommends that the Legislature adopt the recommended policy framework to guide the setting and adjusting of student fees at the State's public universities.

The recommendations presented below represent the Commission's perspective regarding a *long-term* student fee policy for the State's public universities. The Commission and its staff are not advocating an immediate increase in student fees through these proposed policy recommendations.

Pursuant to the legislative request, the policy recommendations and framework that follow relate only to mandatory resident student fees at California's public universities. These policy recommendations do not apply to student fees at California's public community colleges.

Finally, a student fee policy cannot be enacted without recognizing a host of other factors, including State financing, access, financial aid, and institutional operational issues. The determination of student fee levels along with State resources directly impacts issues such as educational quality, student access, and student financial aid. Therefore, the policy recommendations outlined below attempt to strike an appropriate balance between these many competing issues and needs.

The Commission's student fee policy recommendations that follow are organized into four sections:

- ♦ The first section provides a preamble to the recommended student fee policy and provides the context for considering student fee related issues;
- ♦ The second section outlines a series of policy principles that the Commission recommends be adopted to guide the setting and adjusting of mandatory resident systemwide student fees;
- ♦ The third section outlines the implementing framework that the Commission recommends be adopted to effectuate the implementation of the recommended student fee policy principles; and
- ♦ The fourth and final section addresses one additional issue that may require attention to effectively implement the proposed student fee policy.

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**Preamble** The Commission recommends that the following preamble statement be adopted relating to student fees. This preamble provides a context for the student fee policy principles and implementation recommendations that follow.

*Preamble Statement:*

*The State has long recognized the value of providing broad access to postsecondary education to the State's citizens. It has demonstrated that commitment by investing in postsecondary education and maintaining public student fee levels that are fiscally responsible and as low as possible. The student fee principles expressed below seek to continue the State's historic commitment to ensuring access and maintaining quality throughout the State's public universities while recognizing the fiscal challenges that confront both the State and postsecondary education.*

*Historically, the State has borne the preponderance of responsibility for providing the fiscal resources necessary to ensure that all eligible State residents have access to high quality educational opportunities at the State's public colleges and universities. Further, the State bears the principle and overarching responsibility for ensuring that*

*all financially needy students have the financial assistance necessary for them to enroll in and complete their postsecondary education objectives.*

*Changes in resident student fees or in student financial aid funding or packaging policies should take into consideration the total cost to the student of attending the university, including mandatory campus-based student fees, housing and living expenses, as well as all other expenses associated with university attendance.*

*The following principles related to student fees at the State's public universities are based upon the State assuming and providing the resources associated with these State-identified responsibilities and issues.*

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**Policy principles**

The Commission recommends the adoption of the following state policy principles to guide the future setting and adjustment of mandatory systemwide resident student fees at the State's public universities.

*The following state policies regarding mandatory systemwide resident fees and financial aid should be established for students enrolled in the State's public universities:*

- ♦ *The total cost of a public postsecondary education shall be a shared responsibility of students, families, and the State of California. However, in order to keep resident undergraduate student fees at the State's public universities as low and affordable as possible, the State shall bear the preponderance of responsibility for funding postsecondary education;*
- ♦ *So that students and their families can better prepare financially for college expenses, any changes in resident student fees should be, to the extent possible, gradual, moderate, and predictable. Any potential adjustments in resident student fees should take into consideration and be balanced with available State General Fund revenues to ensure that the access, quality, and affordability of the State's public universities are not adversely affected;*
- ♦ *Changes in resident student fees should take into consideration both the total cost of educating a student as well as published indices reflecting families' ability to pay, such as the percentage change in per capita personal income. Recognition of such indicators will better ensure that changes in resident student fees are gradual and moderate;*
- ♦ *As changes in resident student fees and financial aid resources are considered, the State should have an understanding of the impact that such changes will have on both current and*

*prospective students and efforts should be employed to mitigate any negative impact on financially needy students.*

- ♦ *To the extent that budget decisions are made in a timely manner, adequate advance notice should be provided to students regarding future student fees, thereby allowing them and their families greater time to prepare for the fees to be assessed;*
- ♦ *In order to ensure access is not precluded for any eligible student – but particularly financially needy students – all current and prospective students shall be provided with timely information concerning student financial aid including the processes associated with applying for and obtaining student financial assistance.*
- ♦ *Students enrolled in graduate and professional programs that provide the prospect of significant personal economic returns may be subject to higher student fees. The University of California and the California State University shall provide a rationale for any differential student fees to be levied upon any cohort of graduate or professional school students;*
- ♦ *Student fee and financial aid policies should encourage and promote a student's timely completion of the requirements necessary for degree attainment;*
- ♦ *To ensure that financially needy students are provided with assistance in managing the total cost of their university attendance, financial aid programs -- including institutional aid -- should be aligned with the distinct financial needs of the systems' student populations and student fee levels; and*
- ♦ *Revenues derived from student fees should remain within the respective university system's budget in order to provide benefits to the students enrolled within the system.*

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**Framework for  
implementation**

The Commission recommends the following framework to guide the implementation of the aforementioned student fee policy principles.

- ♦ *The University of California and the California State University bear the primary responsibility for adjusting student fees.*
- ♦ *To carry out this responsibility, the University of California and the California State University shall each develop a rational and transparent methodology for adjusting mandatory systemwide resident student fees consistent with the aforementioned student fee policy principles. These methodologies shall be developed in consultation with appropriate student representatives and, once developed, shall be formally adopted by the Regents of the*

*University of California and the Trustees of the California State University in open public meetings.*

- ♦ *In adopting a methodology, each system shall take into consideration the impact that the methodology and its resulting outcome will have on students and the quality of the system. At a minimum, each system shall pay careful attention to the impact that the proposed methodology has on financially needy and underrepresented students, average time to degree completion, and the total cost to the student of obtaining a degree. To the extent that either university system recognizes that the proposed methodology will have a negative impact, the system shall include a plan for mitigating that impact. Each university system shall annually report to the Governor, the Legislature, and the California Postsecondary Education Commission concerning its analysis of the impact associated with implementation of their student fee methodology.*
- ♦ *Employing these board-adopted methodologies, the University of California and the California State University shall annually propose an adjustment in the level of their mandatory systemwide resident student fees. The public universities shall not assume State General Fund resources will be made available to backfill for any proposed changes in student fee levels. The proposed adjustments in student fees shall be discussed and acted upon by each system's governing board in an open public meeting. Consistent with the State's open meeting law provisions, each governing board shall provide an opportunity for interested constituents to comment on the proposed changes in student fees.*
- ♦ *Each university system governing board shall discuss and act upon any proposed changes in student fees by no later than November 30 in order for those fees to take effect the academic term commencing after July 1 of the following calendar year. Following the governing board's action, each system shall employ procedures to notify students of the proposed changes in student fees. This advance notification will enable students and their families to better plan financially.*
- ♦ *The Governor and Legislature should recognize the responsibility assigned to the segments under this fee policy and allow student fees to increase or decrease consistent with the board-adopted methodologies. To the extent that the Governor and/or Legislature identify additional State General Fund resources to provide to higher education, they are encouraged to examine the overall fiscal needs of the State's public colleges and universities and provide State revenues to assist the universities in meeting their on-going operational needs, rather than using limited State revenues to backfill for proposed changes in fee levels.*

- ♦ *Following enactment of the annual State budget, if – because of budgetary restrictions or requirements -- the level of student fees to be assessed in the upcoming academic year differs from that previously approved by the system governing boards, the governing board shall meet in open public session to discuss and act upon the revised level of student fees. This action shall occur in an open public meeting and provide an opportunity for interested constituents to comment on the proposed change in student fees. This step is required as the Regents of the University of California and the Trustees of the California State University shall bear the final and ultimate responsibility for determining the student fees to be assessed.*
- ♦ *Following the final action of the governing board, each university system shall employ appropriate procedures to notify students of the student fees to be assessed in the upcoming academic year. In addition, each system shall simultaneously provide students with information concerning the availability of student financial aid and the procedures for obtaining that aid in order to assist them in meeting the increased costs of university attendance.*

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**Treatment  
of student fee  
revenue**

The above student fee policy framework clarifies that the governing boards of the University of California and the California State University are responsible for setting and adjusting student fee levels. However, in order for the University of California Board of Regents and the California State University Board of Trustees to effectively implement this framework one additional issue needs further consideration.

Historically, student fee revenue generated by the California State University has been treated as State General Fund revenue -- not as revenue to and for investment in the California State University. As such, State University student fee revenue is appropriated to the State University by the Legislature in the annual State Budget Act. Student fee revenue generated by the University of California is considered University of California revenue and, as such, it does not need to be explicitly appropriated to the University of California in the annual State Budget Act. The student fee revenues of both university systems are subject to the same accountability provisions as required by current budgetary practices and existing State law.

Through the Legislature appropriating the student fee revenue generated by the California State University, it is taking formal public action to implicitly -- if not explicitly -- approve the student fee levels of the California State University system. The Governor and Legislature may wish to re-consider and clarify whether the State's current treatment of student fee revenue is appropriate or whether student fee revenue should be treated in some alternative fashion.



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## Supplemental Report Language to the 2002-03 State Budget Relating to Development of a Long-Term Student Fee Policy

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The Legislature requests CPEC convene interested constituent groups, including but not limited to, the postsecondary education systems, students, the Department of Finance, the Legislative Analyst's Office (LAO), and the California Student Aid Commission (SAC) to develop, for future legislative consideration, a long-term student fee policy for California's public university systems. In developing a long-term student fee policy recommendation, the commission should carefully consider the impact of its recommendations on each of the following: (a) state General Fund revenues, (b) student access to higher education, (c) student financial aid needs and requirements, (d) the resources needed by the state's public university systems to offer high quality instructional programs, and (e) effects on various identifiable student populations.

In developing the long-term student fee policy recommendations, the commission shall consider that it is the state's responsibility to be the primary funding source of postsecondary education, as noted in the *Master Plan for Higher Education in California*.

The commission should pay particular attention to the consequences of its policy recommendations on the state's historic policies of access, choice, equity, and quality (including breadth of the instructional programs, average student time to degree, and total cost of baccalaureate attainment for the student), and should include, in the report, information relating to the real impacts the recommendations could have on various identifiable student populations. The commission shall forward its recommendations to the Legislature by December 1, 2002, for further legislative consideration.

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## Invitees to the Commission's Student Fee Policy Discussions

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### **Association of Independent California Colleges and Universities Representatives**

Jonathan Brown  
Veronica Villalobos  
Juan Yniguez

### **California Community College Representatives**

Tim Bonnel  
Judith James  
Vicki Morrow  
Gwyneth Tracy  
Robert Turnage

### **California State University Representatives**

Glen Ducat  
Patrick Lenz  
Rodney Rideau  
Richard West  
Karen Yelverton-Zamarripa

### **California Student Aid Commission Representatives**

Steve Caldwell  
Liisa Rohmer  
Sarah Tyson

### **Department of Finance Representatives**

Oscar Chaves  
Jim Foreman  
Chris Hill

### **Legislative Analyst's Office Representatives**

Steve Boilard  
Jennifer Kuhn  
Sona Nagar  
Anthony Simbol

### **Legislative Staff Representatives**

Danny Alvarez  
Terry Anderson  
Nancy Anton  
Amanda Canning  
Kathleen Chavira  
Walker Dearth  
Max Espinoza  
Marlene Garcia  
Catherine Hazelton  
Cory Jaspersen  
Kris Kuzmich  
Roger Mackensen  
Melinda Melendez  
Paul Mitchell  
Jason Murphy  
Michael Ricketts  
Kerri Ruzicka  
Amy Supinger  
Sara Swan  
Laura Zuniga

### **Secretary of Education's Office Representatives**

Meghana Acharya  
Natalie Stites

### **Student Association Representatives**

Alexander Arteaga (UCSA)  
Laura Kerr (CSSA)

### **University of California Representatives**

Stephen Arditti  
Hilary Baxter  
Sandra Fried  
Todd Greenspan  
Larry Hershman  
Debora Obley  
Patricia Romero

### **CPEC Student Commissioner**

Rachel Shetka

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